

Farmers

General

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WHO IS A FARMER

For retail sales tax purposes a "person engaged in the business of farming" means a person who undertakes farming with a reasonable expectation of profit. Farming includes:

- the growing of food for human or animal consumption
- tillage of the soil for the purposes of growing sod, trees, shrubs, bushes, seeds and seedlings, flowers, plants and bulbs from which plants or flowers may be grown
- raising livestock (cattle, sheep, goats, hogs, poultry, horses, mules, ponies, donkeys, and bees)
- breeding of fur-bearing animals for the purpose of selling their pelts
- propagation and cultivation of plants within a hothouse, greenhouse or other enclosed structure designed for the protection of plants
- growing tobacco plants
- the following services performed **exclusively for farmers**:
 - custom planting, cultivating, harvesting, fertilizer spreading or crop spraying
 - installing drainage tiles and performing drainage work.

WHO IS NOT A FARMER

Many people have gardens or small holdings and produce fruit, vegetables or keep livestock for their own consumption or use. They are not considered to be in the business of farming and the exemptions for farmers do not apply to them.

FARMING EXEMPTIONS

Farmers may purchase exempt of tax those goods required to operate a farming business. These goods may also be repaired exempt of tax. No purchase exemption certificates are required for purchases that are readily identifiable and tax-exempt as goods used exclusively in a farming operation, for example milking machines, farm wagons, feed grinders and threshing machines.

To obtain exemptions when purchasing goods that are taxable to other consumers, **farmers must certify** that the goods are being used in the farming operation. Purchase exemption certificates are required for goods such as fertilizers, pesticides, hand tools, electric motors, watering systems and pumps.

A purchase exemption certificate (see Sales Tax Guide 104) or certification in the following form is required:

"I hereby certify that I am engaged in the business of farming and that the goods shown on this invoice will be used exclusively in the conduct of that business"

Date: _____ Signature: _____
Address of farm: _____

This certificate may be hand printed, typed or applied by rubber stamp on the supplier's copy of the purchase order or invoice.

EXEMPTION FOR FARM GRAIN STORAGE BINS AND DRYERS

Farmers may purchase, exempt from tax, materials used to construct farm grain storage bins and grain dryers.

To support a claim for exemption, a farmer must fill out and sign a purchase exemption certificate.

Where a building contractor arranges to purchase the materials and complete construction on behalf of the farmer, the contractor may buy the materials exempt. The contractor must provide a purchase exemption certificate to the supplier of building materials, stating the name and address of the farmer and the purpose of the purchase.

This exemption does not extend to materials used for repairs, nor to materials used in footings and foundations, barns, greenhouses, silos or similar buildings.

ITEMS TAXABLE TO FARMERS

The following are some items taxable to farmers. A purchase exemption certificate is not to be given to the seller, as **tax must be paid at the time of purchase**.

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| — all-terrain vehicles and snowmobiles | — generators used predominantly for farm homes, yards, barns, etc. |
| — ammunition | — greenhouses |
| — antifreeze | — household refrigerators, stoves, dryers, washers |
| — automobiles and parts | — freezers and other equipment |
| — automotive trailers | — lawnmowers |
| — barns | — light bulbs and fixtures |
| — bedding keepers | — lubricating oil and grease |
| — building hardware and materials, lumber, paint
(<i>except for grain storage bins and dryers</i>) | — pipes for home use |
| — calcium chloride | — plastic covering for greenhouses |
| — clothing of all types (except children's sizes) | — silos |
| — forms for recording animal weights and other data | — trucks, light vans and parts |
| — furniture and furnishings | |

RETAIL SALES TAX REFUNDS AVAILABLE TO FARMERS

Farmers must pay sales tax to suppliers on the purchase of all building materials, except materials for grain storage bins and dryers. A farmer who uses lumber and other materials to construct a tax-exempt item such as a farm fence or a livestock feeder may claim a tax refund.

A refund may also be claimed on the tax paid on a vehicle that was not designed for farm use, but which was converted to specific farm use within 30 days from the date of purchase. No refund is available for all-terrain vehicles and snowmobiles.

To claim a sales tax refund, obtain a sales tax refund application from your local Retail Sales Tax Office. Complete and sign the form and send it to the address on the form with all invoices, proof of payment of tax (e.g. cancelled cheques) and any schedules which support the claim.

Where building materials are purchased by a farmer, the farmer should apply for a refund of the actual tax paid **within three years** of paying the tax. Once the claim is filed, four to six weeks should be allowed for processing and mailing of the refund cheque.

Although the program of refunds for the purchase of materials to construct a grain storage bin or grain dryer has been replaced with an exemption, farmers may still obtain a refund on these materials providing they file a refund claim within three years from the date the tax was paid.

ADDITIONAL INFORMATION FOR SPECIALTY FARMERS

FISH FARMING

People in business to produce fingerlings for sale to others to stock ponds and rivers are farmers. They may purchase fish food exempt of tax by providing sellers with a purchase exemption certificate.

People who raise fish for sale to restaurants, food processors or food markets for human consumption are also farmers and are entitled to the exemptions available to farmers.

People engaged in the operation of stocked recreational fishing areas are **not** fish farmers. They are required to **pay tax** on all equipment and supplies purchased.

GREENHOUSE OPERATION

In addition to farming tools and equipment, a greenhouse operator may also purchase furnaces and auxiliary equipment to heat the greenhouse tax exempt by providing the seller with a purchase exemption certificate.

RABBIT FARMERS

A person engaged in the business of raising rabbits is a farmer provided the rabbits are to be sold for human consumption.

SOD GROWERS

Sod growers who install the sod they have grown are required to account for retail sales tax on the produced cost. To calculate produced cost, growers may use 80% of the **full field selling price** of harvested sod as an alternative to actual growing costs. The tax calculated is to be remitted on line 3 of the tax return card.

The **full field selling price** of harvested sod for a supply and install contract may be determined by one of the following methods:

- installed price **less** actual freight and recorded labour to install, **or**
- most expensive field selling price of harvested sod used during the current year, **or**
- the weighted average of last year's field selling prices of harvested sod.

Once one method of calculation has been adopted, a grower may not switch to another method without obtaining written permission from the Retail Sales Tax Branch.

The information in this publication is only a guideline. For more specific information, please consult the Retail Sales Tax Act or contact your local Retail Sales Tax Office listed in the blue pages of your telephone directory.

